



# SENATE BILL 99: Appropriations Act of 2018, Sec. 34.6: Clarify STI Law

2017-2018 General Assembly

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<b>Committee:</b>		<b>Date:</b>	August 8, 2018
<b>Introduced by:</b>		<b>Prepared by:</b>	Howard Marsilio Staff Attorney
<b>Analysis of:</b>	Sec. 34.6 of S.L. 2018-5		

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**OVERVIEW:** *Section 34.6 of S. L. 2018-5 clarifies various funding aspects for transportation projects under Article 14B of Chapter 136, Strategic Prioritization Funding Plan for Transportation Investments (STI), including:*

- *Clarifying that project caps apply to a single project or group of projects, regardless of being contiguous for the purposes of Statewide Strategic Mobility Projects funding under STI law.*
- *Clarifying the disposition of allocated bonus funds for projects utilizing tolling, but tolls are not implemented or removed subsequently.*
- *Clarifying that certain federal program activities utilizing State funds to match federal Congestion Mitigation and Air Quality Improvement program funds are not subject to the prioritization criteria.*
- *Modifying the variance limitations for obligated funding for Statewide Strategic Mobility Projects, Regional Impact Projects, and Division Need Projects.*
- *Raises total State investment caps for Division Need Projects requested by the North Carolina Department of Transportation (NCDOT) in support of time-critical job creation opportunities, and requires NCDOT to report to the Joint Legislative Transportation Oversight Committee detailing these projects.*

*This section became effective July 1, 2018.*

**CURRENT LAW/ BILL ANALYSIS:** Article 14B of Chapter 136, the Strategic Transportation Investments (STI) laws, allocates available funds in the Highway Trust Fund for projects based on data-driven scoring, local input, and other factors. Projects are divided into three general categories: Division Need Projects, Regional Impact Projects, and Statewide Strategic Mobility Projects.

Section 34.6 of Session Law 2018-5 clarifies various funding related provisions for transportation projects under Article 14B of Chapter 136:

- Currently, Statewide Strategic Mobility Projects receive 40% of funds subject to the Transportation Investment Strategy Formula, however contiguous project or group of projects in the same or adjacent Highway Divisions are subject to a 10% cap. **Section 34.6(a)** clarifies that the cap applies to a single project or group of projects, regardless of being contiguous.
- Currently, NCDOT may revise highway project selection ratings based on local government funding initiatives and capital construction funding directly attributable to highway toll revenue. Projects are eligible for bonus allocations for authorized projects with funding from toll revenue. **Section 34.6(b)** clarifies that if the toll component is removed, the bonus allocation funding will be withheld or become repayable to NCDOT.

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- Currently, federal program activities are included in the applicable category of the Transportation Investment Strategy Formula but are not subject to the prioritization criteria, and this includes bridge replacement, interstate maintenance, and highway safety improvements. **Section 34.6(c)** specifies that projects utilizing State funds to match federal Congestion Mitigation and Air Quality Improvement program funds are not subject to the prioritization criteria.
- Currently, NCDOT may vary from the Transportation Investment Strategy Formula in compliance with certain criteria, however, the variance is limited to 10% over any five-year period for Division Need Projects, Regional Impact Projects, and Statewide Mobility Projects and 10% over any five-year period for funds obligated among distribution regions or divisions. **Section 34.6(d)** modifies the variance caps to 15% over any five-year period and 10% over a ten-year period respectively.
- Transportation Investment Strategy Formula allocations to Division Need Projects are allocated equally to each NCDOT division which are ranked based on various criteria. Project selection is based 50% on local input and 50% on quantitative enumerated criteria, except for projects subject to alternative criteria in certain circumstances, such as projects requested from NCDOT in support of a time-critical job creation opportunity, provided that State investment per fiscal year for all projects does not exceed ten million dollars, or five million for a single project. **Section 34.6(e)** raises State investment caps to one hundred million in the aggregate or ten million for a single project, and requires NCDOT to submit a report for these projects to the Joint Legislative Transportation Oversight Committee.

**EFFECTIVE DATE:** This section became effective July 1, 2018. The reporting requirement for Division Need Projects requested by NCDOT in support of a time-critical job creation opportunity applies to State Transportation Improvement Programs released on or after that date.